

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEL AV 06736 251314Z
ACTION NEA-11

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01 /100 W
-----112783 252108Z /65
R 251224Z MAY 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 3322

LIMITED OFFICIAL USE TEL AVIV 6736

E.O. 11652: N/A
TAGS: IS, EFIN
SUBJECT: BOI RESERVES ROSE IN APRIL TO \$1.736 BILLION

REF: TEL AVIV 5270; 77 TEL AVIV A-53
1. EMBASSY HAS RECEIVED BOI STATEMENT OF ASSETS AND
LIABILITIES AS OF APRIL 30, 1978. OUR CALCULATIONS,
USING IMF METHODOLOGY, INDICATE BOI RESERVES ROSE
\$60 MILLION IN MARCH AND \$64 MILLION IN APRIL AND
ARE NOW APPROXIMATELY \$1.736 BILLION, UP \$282 MILLION
SINCE THE END OF LAST OCTOBER. BOI CLAIMS "NET"
RESERVES AT END OF MARCH OF \$1.387 BILLION, NOT
INCLUDING \$275 MILLION OF COMMERCIAL BANK DEPOSITS
AS REQUIRED RESERVES ON NON-RESIDENT FOREIGN
CURRENCY ACCOUNTS ("PATACH") OR \$9.3 MILLION IN
DEPOSITS OF FOREIGN BANKING INSTITUTIONS. EMBASSY
CALCULATES \$1.453 BILLION IN "NET" RESERVES AT END
OF APRIL USING BOI METHODOLOGY.

2. COMMENT: IT IS NOT AT ALL CLEAR WHY BOI RESERVES
HAVE RISEN SO RAPIDLY AND WHAT EFFECT THE NEW ECONOMIC
POLICY HAS HAD IN RESERVE GROWTH. THERE ARE MANY
UNKNOWN IN THE SITUATION INCLUDING, FOR EXAMPLE, THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEL AV 06736 251314Z

AMOUNT OF DOLLARS NOW HELD IN GOI ACCOUNTS ABROAD
WHICH, INsofar AS IT IS ABOVE NORMAL LEVELS, CAUSED
RESERVES TO BE UNDERSTATED(SEE REFAIR). ON THE OTHER
HAND, UNDER A FLOATING RATE REGIME, CENTRAL BANK
INTERVENTION IN THE FOREIGN EXCHANGE MARKET TO DEPRECIATE
ITS OWN CURRENCY NORMALLY RESULTS IN THE ACCUMULATION OF
FOREIGN EXCHANGE RESERVES; SOME OBSERVERS HAVE SUGGESTED

THAT THE BOI DID INTERVENE TO SELL POUNDS
IN THE PERIOD IMMEDIATELY FOLLOWING THE INTRODUCTION OF THE
NEP AND IN RECENT MONTHS IN RESPONSE TO EXPORTERS'
COMPLAINTS THAT THE POUND WAS OVERVALUED.
LEWIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 25 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TELAV06736
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780221-0853
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780517/aaaaaocb.tel
Line Count: 67
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 90713096-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 TEL AVIV 5270, 77 TEL AVIV A-53
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2560437
Secure: OPEN
Status: NATIVE
Subject: BOI RESERVES ROSE IN APRIL TO \$1.736 BILLION
TAGS: EFIN, IS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/90713096-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014